

**RFP DGS-2034**  
**TELECOMMUNICATIONS CONSULTING SERVICES**

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**SECTION IX**

**COST PROPOSAL**

**A. INTRODUCTION**

Cost is an important evaluation criterion. Cost evaluation in each telecommunications consulting category will be based on the lowest total estimated net cost to the state as calculated according to the methodology in this section. It includes, but is not limited to, consideration of labor costs, labor rate escalations and one-time costs as they specifically relate to the services to be obtained. The evaluation period is for seven (7) years plus two (2) twelve-month extensions beginning with the contract award and execution date specified in **Section I**.

Note that this section of the RFP is formatted to be a “round-trip” document, i.e., to allow a bidder to respond directly by removing this entire section of the RFP, filling in blanks as appropriate for the categories proposed, copying and completing exhibit forms as appropriate for the categories proposed, and returning this entire section as the bidder’s **Volume 3**. Any supplemental or reference documentation shall be clearly cross-referenced to the bidder’s **Volume 4**.

**B. COST DEFINITIONS**

1. Labor Costs

Labor costs are those costs that are projected to be paid by the state to the Contractor(s) for project-related consulting services authorized as part of the contract(s) resulting from this RFP. For details refer to **Section IV, PROPOSED PROGRAM, Section VII, ADMINISTRATIVE REQUIREMENTS, and Section VIII, TECHNICAL REQUIREMENTS**. The state prefers that any discounts offered be reflected in the hourly rates. In addition, labor costs shall include any related labor cost (e.g., oversight, administration, overtime, travel, per diem within the Sacramento metropolitan area, and any one-time cost or cost adjustment).

Note that proposed labor costs shall **not** include the DGS-TD 5% administrative fee.

Labor costs for telecommunications consulting categories 17 and 18 (Electrical Engineering, Power Systems Consulting and Structural Engineering Consulting, respectively), if proposed by the bidder, are required for informational purposes only. These costs will not be evaluated. Actual labor rates will be negotiated following qualification and contract award per Government Code Section 4525 - 4529.5.

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2. Labor Rate Escalation

If a bidder reserves the right to increase labor rates annually during the term of the contract, the estimated cost to the state of those increases will be added to the bid cost. For bid evaluation purposes, costs will be calculated for each year of the term, after Year 1, as follows using the maximum percentage of increase allowed by the contract:

$$(1 + \_ \% \text{ of increase}) \times (\text{previous year's labor cost rate})$$

If a contractor elects to increase labor rates, the contractor shall submit a request in writing to the state at least three (3) months prior to the start of the next contract year term to (1) increase the contract costs up to the agreed to percentage rate as allowed by the bid, (2) decrease the contract costs down to a lower percentage, or (3) make no change to the costs.

3. Small Business Preference

- Section 14835, et seq. of the California Government Code requires a 5% preference be given to Bidder's who qualify as a small business. Small businesses are desired and encouraged to participate in this RFP.
- To claim the small business preference, the firm must have its principal place of business located in California, company officers living in California, and have a complete application (including proof of annual receipts) on file with the Office of Small Business and Disabled Veteran Business Certification by 5:00 p.m. on the date the Final Proposal is due, and be verified by such office. Questions regarding the preference approval process should be directed to the Office of Small Business and Disabled Veteran Business Certification at (916) 375-4940.
- Responsive proposals submitted by certified small businesses and micro-businesses will be scored after consideration of the small business preference. The score of all certified small businesses shall be adjusted as follows: a preference equal to 5% of the highest responsible bidder's total score shall be computed and shall constitute the small business preference amount. The preference amount shall be added to score the proposals submitted by all responsive certified small business Bidder's.
- Responsive proposals submitted by non-small businesses that utilize a small business or micro-business subcontractor(s) will be scored after consideration of the following small business preference. The participating small business and/or micro-business must submit a letter to the State as part of the Cost Proposal that identifies the amount of the proposed costs that are to be paid to the small business(s) and/or micro-business(es). A sample of this letter is on **Exhibit IX-C**. If multiple small and/or micro-businesses are utilized, their participation shall be

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added together for consideration. The score for the bidder shall be adjusted as follows: for all proposals that have small business and/or micro-business participation equal to or greater than \$50,000, a preference equal to 5% of the highest responsive/responsible bidder's total score shall be computed and shall constitute the small business preference, see sample formula:

$$\frac{\text{Small Business} \\ \text{Micro-business} \\ \text{participation}}{\$ 50,000} \times \text{Highest} \\ \text{Point} \\ \text{Proposal} \\ \text{Score} \times 5\% = \text{Small Business Preference}$$

Where participation by the small business and/or micro-business is less than \$50,000, points shall be awarded on the following formulas:

Example where a bidder proposes to use a small business or micro-business for \$25,000 worth of work and the Highest Point Proposal Score is 920 Points.

$$\frac{\$25,000}{\$ 50,000} \times 920 \times 5\% = 23$$

The preference amount shall be added to the Bidder's proposal score.

**ALL BIDDER'S, PLEASE CHECK THE APPROPRIATE LINE:**

\_\_\_\_\_ I am a certified small business and/or micro-business and the Small Business Preference is applicable to this bid. A copy of my certified form from the Office of Small Business and Disabled Veteran Business Certification is attached.

\_\_\_\_\_ I have recently filed for small business and/or micro-business preference but have not yet received certification.

\_\_\_\_\_ I am not a certified small business and I am not claiming the small business preference.

Name of Bidder:

\_\_\_\_\_ I am not a certified small business but I am using a small and/or micro-business as a subcontractor

Name of Small Business(es):

\_\_\_\_\_

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**C. COST WORKSHEETS**

The purposes of these worksheets are (1) to identify all labor costs for each proposed consulting category, and (2) to develop an estimated 9-year total of labor cost for each proposed consulting category based on an estimated number of project hours for evaluation purposes. The following worksheets are provided:

**Exhibit IX-A      COST WORKSHEET - BY CATEGORY**  
**Exhibit IX-B      COST WORKSHEET - ALL CATEGORIES**

- 1. Exhibit IX-A, COST WORKSHEET - BY CATEGORY** must be completed for any telecommunications consulting category proposed by the bidder; copy the form as many times as needed for submission with the proposal. The following instructions apply:

Year 1 Hourly Labor Rate - Bidder-defined labor rates must be listed by labor classification. Each hourly labor rate shall be constructed per the definition above of Labor Costs.

Year 1 Labor Cost - For each labor classification, the bidder multiplies the Year 1 Hourly Labor rate by the state's Year 1 Estimated Hours.

Year 1 Total - The bidder adds all figures in the Year 1 Labor Cost column.

Year 2 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 2 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 3 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 3 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 4 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 4 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

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Year 5 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 5 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 6 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 6 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 7 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 7 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 8 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 8 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Year 9 Escalation Rate - A bidder-defined escalation rate, if exercised, must be listed that is applicable to all hourly labor rates.

Year 9 Total - For each sequential year, the bidder multiplies the previous year's labor cost by 1 plus the percentage rate of escalation.

Estimated 9-Year Labor Cost Total - The bidder adds the Year 1 Total, plus the Year 2 Total, plus the Year 3 Total, plus the Year 4 Total, plus the Year 5 Total, plus the Year 6 Total, plus the Year 7 Total, plus the Year 8 Total, plus the Year 9 Total.

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2. **Exhibit IX-B, COST WORKSHEET - ALL CATEGORIES** must be completed once to summarize all the telecommunications consulting categories proposed by the bidder; only submit one (1) form with the proposal. The following instructions apply:

Category Proposed by Bidder? - For each telecommunications category proposed, the bidder shall circle "Yes" or "No".

Estimated 9-Year Labor Cost Total by Category - For each telecommunications category proposed, the bidder shall transfer from the completed **Exhibit IX-A** the Estimated 9-Year Labor Cost Total.

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**Exhibit IX-A**  
**COST WORKSHEET - BY CATEGORY**

<b>BIDDER'S NAME:</b> _____											
<b>PROPOSED CONSULTING CATEGORY #</b> _____ <b>Page</b> ____ <b>of</b> ____											
<b>PROPOSED CONSULTING CATEGORY TITLE</b> _____											

Labor Classification	Year 1 Hourly Labor Rate	Year 1 Estimated Hours	Year 1 Labor Cost	Year 2 Escalation Rate	Year 3 Escalation Rate	Year 4 Escalation Rate	Year 5 Escalation Rate	Year 6 Escalation Rate	Year 7 Escalation Rate	Year 8 Escalation Rate	Year 9 Escalation Rate
Manager	\$	200	\$	%	%	%	%	%	%	%	%
Principal Engineer	\$	800	\$								
Principal Analyst	\$	600	\$								
Senior Engineer	\$	1400	\$								
Senior Analyst	\$	1400	\$								
Engineer	\$	1000	\$								
Analyst	\$	1000	\$								
Year 1 Total			\$								
Year 2 Total				\$							
Year 3 Total					\$						
Year 4 Total						\$					
Year 5 Total							\$				
Year 6 Total								\$			
Year 7 Total									\$		
Year 8 Total										\$	
Year 9 Total											\$
Estimated 9-Year Labor Cost Total											\$

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**Exhibit IX-B**

**COST WORKSHEET - ALL CATEGORIES**

**BIDDER'S NAME:** \_\_\_\_\_

Category y Number	Category Proposed by Bidder?		Estimated 9-Year Labor Cost Total
	(circle one)		by Category
1.	Yes	No	\$
2.	Yes	No	\$
3.	Yes	No	\$
4.	Yes	No	\$
5.	Yes	No	\$
6.	Yes	No	\$
7.	Yes	No	\$
8.	Yes	No	\$
9.	Yes	No	\$
10.	Yes	No	\$
11.	Yes	No	\$
12.	Yes	No	\$
13.	Yes	No	\$
14.	Yes	No	\$
15.	Yes	No	\$
16.	Yes	No	\$
17.	Yes	No	\$
18.	Yes	No	\$

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**Exhibit IX-C**

**SAMPLE SMALL BUSINESS PARTICIPATION NOTIFICATION**

*Sample letter for Small Business Participation Notification:*

To: Reggie Banks, Senior Procurement Manager  
Department of General Services  
Procurement Division  
707 Third Street, 2<sup>nd</sup> Floor  
West Sacramento, CA 95605

**REFERENCE: RFP DGS-2034**

This is to notify you of our participation in the proposed Telecommunications Consultant Services project as a Certified Small Business in the State of California. We understand that (Prime Contractor Name) is submitting a proposal which includes \$ \_\_\_\_\_ for the work we are doing as part of the project.

The individual to whom all inquiries should be addressed is:

Contact Person and Title:

Company Name:

Address:

City, State, & Zip

Phone Number:

E-mail Address:

Sincerely,

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Name and Title